



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2719 (1924)
December 22, 1992

SUBJECT: Utilization of the Automated Farm and Home Plan System

TO: State Directors, District Directors, and County
Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance in the utilization of the Farm and Home Plan system (FHP). Proper use of the FHP system would effectively reduce processing time, provide for proper loan making/servicing classification and greatly reduce the risk of calculation and planning errors. This AN will provide guidance with regard to data entry, revising plans to generate a new borrower classification rating, and other areas of concern.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

All new Farm and Home Plans being developed should be completed utilizing the ORACLE FHP system. With the proper use of this automated application, field offices would be able to generate various required forms more efficiently, and effectively render sound loan making/servicing decisions. This "user friendly" system was designed to reduce manual development of forms and reduce the possible risk of errors in the numerous calculations involved in these forms.

County Offices do not need to develop a Farm and Home Plan in pencil in order to enter information into the system. The system was designed so that data could be entered while information is being provided by the applicant/borrower during an office appointment. Information gathered outside the County Office should be entered into the automated system as soon as possible. In other words, there is no need to have two Farm and Home Plans, one in pencil and another computer generated.

EXPIRATION DATE: April 30, 1993

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1924-B



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Secretary of Agriculture, Washington, D.C. 20250

In order to correctly classify a borrower, current information must be used in the calculations. Therefore, classifications are made as of the date the new loan or date of servicing action is completed. However, the plan and balance sheet developed in the beginning of the operating year cannot be revised because it would corrupt the 5-year history of that borrower. In order to reclassify a borrower after loan making/servicing actions are completed, the "Typical Plan" of the FHP system should be used.

The current plan will be copied as a "Typical Plan" and updated to reflect the new financial changes resulting from loan making/servicing actions. Once the liability side of the balance sheet on the "Typical Plan" has been updated, Column 2 of Table K on the "Typical" FHP will equal Column 3 on Table K of the FHP used for the loan making/servicing action. The asset side of the balance sheet will be updated to reflect the intended use of any loan proceeds. As documentation for this new classification only the "Summary Table" of the revised plan will be needed. The "Summary Table" is option #2 of the FHP Print Menu. This summary will be attached to the new automated FmHA Form 2006-20, "Classification of Farmer Programs Borrower Account," that was generated from the revised plan.

FmHA AN No. 2562 (1924) issued June 20, 1992, "Treatment of Income and Social Security Taxes on Form FmHA 431-2, 'Farm and Home Plan,' for Insured Farmer Programs Loans," requires County Supervisors to include income and Social Security taxes in Table F of the automated FHP as "other expenses."

If the County Supervisors follow the instructions in FmHA AN No.2562, the amount "paid to IRS" in the automated Form FmHA 1960-12 will be zero, since the system is designed to pull the amount of income and Social Security taxes from Table K of the automated FHP.

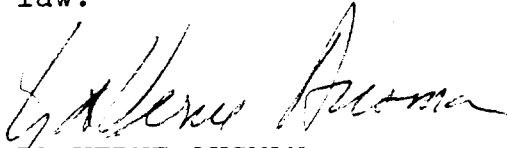
Therefore, until future enhancements of the FHP and Form FmHA 1960-12 are completed, County Supervisors should continue to enter the amount of income and Social Security taxes in Table F of the automated FHP as "other expenses" and manually transfer this amount on to the computer copy of Form FmHA 1960-12.

Computer applications, such as the FHP system, have been designed to make field office work more efficient and effective. However, in order to achieve those goals, proper utilization of the system is imperative.

State FHP Coordinators should provide adequate training to field offices with regard to efficient use of the automated FHP system. If there are any questions regarding this application, State Coordinators may contact Steve Rubin, Senior Loan Officer, Program Development Staff at 202-690-4003.

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This AN may not be revised and reissued by State Directors without prior approval by the Assistant Administrator, Farmer Programs, unless modification is necessary to comply with State law.



LA VERNE AUSMAN
Administrator

Sent by Time Delay Option to States at 10:00 on 12/31/92 to
Districts at 12:00 on 12/31/92 and to Counties at 2:00 on 12/31/92 by
GSS.